GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:427
ANSWERED ON:09.08.2012
FDI IN PETROLEUM SECTOR
Rane Dr. Nilesh Narayan

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the total capital expenditure in petroleum and natural gas sector on Foreign Direct Investment (FDI) inflows contribution during the last three years; and

(b) the reasons for permission of FDI in refining sector in the petroleum and natural gas sector?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI R. P. N. SINGH)

(a) & (b) During the last three years total FDI inflows under petroleum and natural gas sector was of the order of Rs.13795 crore. FDI in refining sector of the petroleum and natural gas sector is allowed under the automatic route with 100% equity for private companies and 49% for public sector undertakings through Government route without any disinvestment or dilution of domestic equity in the existing PSUs. The reason for allowing 100% foreign equity under the automatic route for private companies is to encourage participation of foreign companies in the capital intensive refining activities that require expensive state of art technology. The policy for public sector undertakings aims to invite critical foreign investment without diluting the majority ownership of the Government.